

OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 18, 2014

BILL NUMBER: SB 1722 STATUS AND DATE OF BILL: Engrossed Bill 02/13/2014

AUTHORS: House McNeil Senate Jolley

TAX TYPE (S): Sales Tax SUBJECT: Administrative

PROPOSAL: Amendatory 68 O.S. §§ 4303, 4304 & 4305

The measure proposes amendments to the Oklahoma Quality Events Incentive Act. [See attached for detailed description].

EFFECTIVE DATE: November 1, 2014

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 15: None
FY 16: None

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 15: None

Feb. 18, 2014
DATE

Rick Miller
DIVISION DIRECTOR

msm

2-18-14
DATE

Reece WOMACK
REECE WOMACK, ECONOMIST

2/20/14
DATE

Dan Cash
FOR THE COMMISSION

Senate Bill 1722 proposes amendments to the Oklahoma Quality Events Incentive Act.

Section 1 proposes to amend Section 4303 of Title 68 by striking the definitions of *quality event area* and *revenue capture period*. It also amends the definition of *economic impact study* to provide that the required analysis no longer relates to a designated quality event area. Additionally, this Section removes the quality event area limitation from the classifications *state sales tax revenue*¹ and *vendors*². Further it proposes to change the method of determining incremental sales tax revenue attributable to a quality event to encompass the amount of additional state sales tax revenue collected as a result of the quality event, as determined by an economic impact study verified by the Tax Commission ("OTC"). Currently, to calculate new event incremental state sales tax revenue a comparison is made of the amount of state sales tax revenue remitted to the OTC by the vendors within the quality event area during the month or months of the quality event revenue capture period against the amount these vendor remitted during the same month or months of the quality event revenue capture period for the preceding year.

Section 2 proposes to amend Section 4304 of Title 68 by removing the requirement that a host community designate a geographic area as a quality event area and a length of time as the revenue capture period. The proposal adds the requirement to the ordinance adoption process that the host community designate the dates during which a quality event will be hosted. It also prohibits a host community from designating more than one quality event during the timeframe in which a designated quality event will occur. Under current law, a host community may only designate one quality event during a single designated revenue capture period.

Section 3 eliminates the provision that requires the OTC, within 90 days of the event, to determine the amount of incremental state sales tax revenue remitted by vendors located within the designated quality event area. It also requires the host community, after conclusion of an event, to provide information related to the event, such as attendance figures, financial information or other public information held by the host community that the OTC considers necessary to evaluate the actual economic impact of the event.

To determine if any payments are made to the host community related to the quality event the OTC pursuant to this Section is to compare eligible local support amounts to the total amount of incremental state sales tax revenue remitted by vendors with such revenues to be established through the economic impact study instead of sales tax remittances by vendors located with a designated quality event area.

Analysis

Pursuant to the passage of SB 1284 by Laws 2010, c.386, §1 effective July 1, 2012, the total payments authorized under the Quality Events Incentive Act for the period at issue [FY 15] is capped at Three Million. 68 O.S. §4307. Since the proposed amendments do not change the cap for FY 15 or in any way make additional funds in excess of the cap available for the remaining time the Act is in effect³, there is no revenue impact associated with this measure.

There is no administrative impact associated with the provisions of this measure.

¹ Under the proposed measure state sales tax revenue is defined to mean the proceeds from the state sales tax levy imposed pursuant to Section 1354 of this title upon taxable transactions occurring as a result of the quality event, as determined by an economic impact study verified by the Oklahoma Tax Commission.

² Pursuant to SB 1722 vendors is defined as those persons or business entities making sales of tangible personal property or services as a result of the quality even, as determined by an economic impact study verified by the Oklahoma Tax Commission.

³ The Quality Events Incentive Act is in effect through June 30, 2015. 68 O.S. § 4301.